

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-003-E - ORDER NO. 96-278
APRIL 22, 1996

IN RE: Semi-Annual Review of Base Rates for) ORDER
 Fuel Costs of South Carolina Electric) APPROVING
 & Gas Company.) STIPULATION

This matter is before the Public Service Commission of South Carolina (the Commission) on the issue of the recovery of the costs of fuel used in electric generation by South Carolina Electric & Gas Company (SCE&G or the Company) in providing service to its retail electric customers in South Carolina. The procedure followed by the Commission is set forth in S.C. Code Ann. §58-27-865 (Supp. 1995).

On April 10, 1996, at 10:30 a.m., the Commission held a public hearing regarding this issue of the recovery of fuel costs. The Honorable Rudolph Mitchell, Chairman, presided. SCE&G was represented by Francis P. Mood, Esquire; Nancy Vaughn Coombs, Esquire, represented the Consumer Advocate for the State of South Carolina (the Consumer Advocate); and Florence P. Belser, Staff Counsel, and Catherine D. Taylor, Staff Counsel, represented the Commission Staff. At the beginning of the hearing, counsel for SCE&G informed the Commission that the Company had reached a Stipulation with the Consumer Advocate. (See, Hearing Exhibit No. 2, captioned "Stipulation and Agreement of the South Carolina Consumer Advocate & South Carolina Electric & Gas Company,"

referred to herein as the Stipulation.) All parties stipulated to the Commission that the testimony, and associated exhibits, of Company witnesses Kenneth R. Jackson, John W. Flitter, Neville O. Lorick, and David A. Lavigne should be entered into the record without the necessity of cross-examination.

Kenneth R. Jackson appeared and explained the Stipulation to the Commission. Mr. Jackson testified that, during the six month period of May 1996 through October 1996 SCE&G's projected fuel cost is 1.318 cents per kilowatt hour. In the Stipulation with the Consumer Advocate, SCE&G agreed to a fuel factor of 1.310 cents per kilowatt hour, effective from May 1996 through October 1996. Mr. Jackson noted that the stipulated factor is a reduction from the previously approved fuel factor and requested that the Commission approve the Stipulation between SCE&G and the Consumer Advocate. Mr. Jackson also testified that the Company agreed with the accounting adjustments proposed by Ms. Cherry of the Commission Staff.

The Commission Staff presented the testimony of Jacqueline R. Cherry and Raymond C. Sharpe, III. Ms. Cherry testified, inter alia, that SCE&G has complied with the directives of the Commission in applying the Fuel Adjustment Clause. Mr. Sharpe testified, inter alia, that applying the factor proposed in the Stipulation of 1.310 cents per kilowatt hour would create an estimated under-recovery of \$644,003 for the period ending October 1996.

At the close of the hearing, counsel for the Consumer Advocate urged the Commission to approve the Stipulation.

After a thorough review of the terms of the submitted Stipulation and Agreement between the Company and the Consumer Advocate, and pursuant to the testimony of witness Jackson and the entire record in this matter, the Commission finds and concludes that the Stipulation and Agreement should be, and hereby is, accepted and adopted by this Commission.

IT IS THEREFORE ORDERED THAT:

1. The Stipulation and Agreement between the Company and the Consumer Advocate is approved. (See, Appendix A which is attached hereto.)

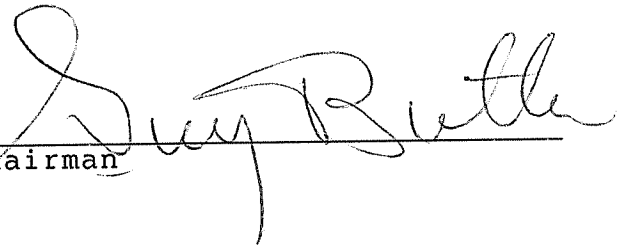
2. The base fuel factor for the period from May 1996 through October 1996 is hereby set at 1.310 cents per kilowatt hour.

3. Within ten (10) days of the date of this Order, SCE&G shall file with the Commission the appropriate rate schedules designed to incorporate the findings herein and an adjustment for the fuel costs tariff (See Appendix B, attached hereto).

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

VICE Chairman



ATTEST:


Executive Director

(SEAL)

Rcv BY: SC CONSUMER AFFAIRS 4-9-96 10:02AM

Post-It Fax Note	7671	Date	4/9/96
To	Reg. Dept.	From	John Hendrix
Co/Dept.	SCE&G	Co	SCE&G
Phone #		Phone #	733-6206
Fax #	737-5192	Fax #	

BEFORE

THE PUBLIC SERVICE COMMISSION

SOUTH CAROLINA

DOCKET NO. 96-003 E

April 9, 1996

IN RE:

South Carolina Electric & Gas
Company - Semi-Annual Review of
Base Rate for Fuel Costs

) STIPULATION AND
) AGREEMENT OF THE
) THE SOUTH CAROLINA
) CONSUMER ADVOCATE &
) SOUTH CAROLINA ELECTRIC
) & GAS COMPANY

WHEREAS, the Parties to this Stipulation are the Consumer Advocate for the State of South Carolina ("Consumer Advocate") and South Carolina Electric & Gas Company ("SCE&G"), and collectively referred to herein as the "Parties";

WHEREAS, the Parties represent all the Parties of record in Docket No. 96-003-E apart from the Staff of the South Carolina Public Service Commission;

WHEREAS, in November of 1995, the South Carolina Public Service Commission ordered Docket No. 96-003-E to be opened for the semi-annual review of South Carolina Electric & Gas Company's fuel costs and fuel costs recovery pursuant to Section 58-27-865 of the Code of Laws of South Carolina (1976);

WHEREAS, the Commission's Electric Department Staff has analyzed the Company's procedures and practices pertaining to its fuel operations, specifically including an

examination of the Company's Power Plant Performance Data Reports, Major Unit Outage Reports, Generation Mix Reports, Generation Statistics, Retail Comparison of MWH Sales Reports, and Retail Comparison of Fuel Costs. In addition, the Staff has interviewed Company personnel concerning operating results of its generating units, has conducted on-site inspections of Company's coal quality sampling techniques, and has reviewed the Company's forecasting procedures, and currently approved Adjustment for Fuel Costs Tariff, along with the history of the Cumulative Recovery Account;

WHEREAS, based on these examinations and reviews, the Staff issued a Report of Fuel Adjustment Analysis in this Docket;

WHEREAS, the Staff and SCE&G have prefiled testimony in Docket No. 96-003-E concerning the Company's fuel operations and accounts;

WHEREAS, the Parties have carefully reviewed the information contained in the prefiled testimony of the witnesses for the Company and the Staff, as well as the Report of the Staff and all supporting Exhibits;

WHEREFORE the Parties have agreed, and do hereby stipulate to the following matters related to the Company's fuel operations which if adopted by the Commission in the order on the merits of this proceeding will, within the scope of the matters addressed herein, result in rates for electric services which are just and reasonable and supported by the evidence of the record of this proceeding and will further comply with the provisions of Section 58-27-865 of the Code of Laws of South Carolina (1976).

1. In the interest of rate stability and of maintaining consistent price signals to customers, and also in the interest of avoiding the burden and expense of rate adjustments.

The Parties agree and stipulate that the Company's base rate for fuel be set at the rate of 1.3100\$/EWH. This fuel costs recovery factor shall remain in effect from May, 1996, through October, 1996, or until superseded by order of the Commission.

2. For the period under review, September 1, 1995 through February 29, 1996, the Consumer Advocate does not contest a) the prudence of the Company's fuel purchasing practices and plant operations; or b) the reasonableness of the fuel costs incurred; c) the administration of fuel cost recovery accounts; or d) the accounting for fuel costs and purchased power.

WITNESS our signatures below:

Nancy V. Coombs
Nancy V. Coombs
Department of Consumer Affairs

Sarena D. Burch
Sarena D. Burch
South Carolina Electric
& Gas Company

APPENDIX A

BEFORE
THE PUBLIC SERVICE COMMISSION
SOUTH CAROLINA
DOCKET NO. 96-003-E

April 9, 1996

IN RE:

South Carolina Electric & Gas)	STIPULATION AND
Company - Semi-Annual Review of)	AGREEMENT OF THE
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)	CONSUMER ADVOCATE &
)	SOUTH CAROLINA ELECTRIC
)	& GAS COMPANY
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WHEREAS, in November of 1995, the South Carolina Public Service Commission ordered Docket No. 96-003-E to be opened for the semi-annual review of South Carolina Electric & Gas Company's fuel costs and fuel costs recovery pursuant to Section 58-27-865 of the Code of Laws of South Carolina (1976);

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WHEREAS, the Staff and SCE&G have prefiled testimony in Docket No. 96-003-E concerning the Company's fuel operations and accounts;

WHEREAS, the Parties have carefully reviewed the information contained in the prefiled testimony of the witnesses for the Company and the Staff, as well as the Report of the Staff, and all supporting Exhibits;

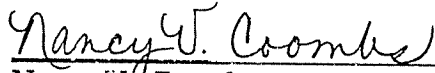
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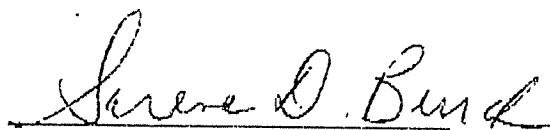
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the Parties agree and stipulate that the Company's base rate for fuel be set at the rate of 1.3100¢/KWH. This fuel costs recovery factor shall remain in effect from May, 1996, through October, 1996, or until superseded by order of the Commission.

2. For the period under review, September 1, 1995 through February 29, 1996, the Consumer Advocate does not contest a) the prudence of the Company's fuel purchasing practices and plant operations; or b) the reasonableness of the fuel costs incurred; c) the administration of fuel cost recovery accounts; or d) the accounting for fuel costs and purchased power.

WITNESS our signatures below:


Nancy V. Coombs
Department of Consumer Affairs


Sarena D. Burch
South Carolina Electric
& Gas Company

SOUTH CAROLINA ELECTRIC & GAS COMPANY
Adjustment for Fuel Costs

APPLICABILITY

This adjustment is applicable to and is a part of the Utility's South Carolina retail electric rate schedules.

The Public Service Commission has determined that the costs of fuel in an amount to the nearest one-thousandth of a cent, as determined by the following formula, will be included in the base rates to the extent determined reasonable and proper by the Commission for the succeeding six months or shorter period:

$$F = \frac{E}{S} + \frac{G}{S_1}$$

Where:

F= Fuel cost per Kilowatt-hour included in base rate, rounded to the nearest one-thousandth of a cent.

E= Total projected system fuel costs:

(A) Fuel consumed in the Utility's own plants and the Utility's share of fuel consumed in jointly owned or leased plants. The cost of fossil fuel shall include no items other than those listed in Account 151 of the Commission's Uniform System of Accounts for Public Utilities and Licensees. The cost of nuclear fuel shall be that as shown in Account 518 excluding rental payments on leased nuclear fuel and except that, if Account 518 also contains any expense for fossil fuel which has already been included in the cost of fossil fuel, it shall be deducted from this account.

PLUS

(B) Purchased power fuel costs such as those incurred in unit power and Limited Term power purchases where the fuel costs associated with energy purchased are identifiable and are identified in the billing statement.

PLUS

(C) Interchange power fuel costs such as Short Term, Economy, and other where the energy is purchased on economic dispatch basis.

Energy receipts that do not involve money payments such as Diversity energy and payback of storage energy are not defined as purchased or interchange power relative to this fuel calculation.

MINUS

(D) The cost of fuel recovered through intersystem sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.

Energy deliveries that do not involve billing transactions such as Diversity energy and payback of storage are not defined as sales relative to this fuel calculation.

S = Projected system kilowatt-hour sales excluding any intersystem sales.

G = Cumulative difference between jurisdictional fuel revenues billed and fuel expenses at the end of the month preceding the projected period utilized in E and S.

S₁ = Projected jurisdictional kilowatt-hour sales for the period covered by the fuel costs included in E.

The appropriate revenue related tax factor is to be included in these calculations.

The fuel cost (F) as determined by Public Service Commission of South Carolina Order No. 96-278 for the period May 1996 through October 1996 is 1.310 cents per kilowatt-hour.